

asos

THE ONLINE FASHION STORE



ASOS PLC

INTERIM REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

asos

THE ONLINE FASHION STORE

ASOS is rapidly becoming market leader in the UK online fashion world

ASOS continues to generate profitable growth despite continued investment in operational resources

ASOS enjoys strong and increasing barriers to entry due to its dominant market position



ASOS PLC

www.asos.com

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Highlights

£'000	6 months to 30 September 2008	6 months to 30 September 2007	Increase
ASOS.com sales	65,706	31,806	107%
Profit before tax	4,052	2,418	68%

Business Highlights

- Total number of product lines up 238% year on year to 19,400 as at 31 October 2008
- Number of brands up 135% year on year to 700 as at 31 October 2008
- Number of active customers up 95% year on year to 947,000 as at 31 October 2008
- Total number of unique visitors in October 2008 up 93% to 4.5m
- Successful launch of ASOSRed
- Successful launch of Maternity
- International sales up 252% year on year to £114m

Financial Highlights

- Sales +107% year on year to £65.7m
- Gross margin +80bps year on year to 46%
- Profit before tax +68% year on year to £4.1m
- Cash in bank £8.9m
- Sales for the 7 weeks to 16 November 2008 +104% year on year

THE ONLINE FASHION STORE

Chief Executive's Statement

ASOS has once again performed strongly and sales for the six months to 30 September 2008 are up 107% whilst profit before tax for the same period is up 68% to £4.1m.

Despite adverse economic conditions, we have, with our strong balance sheet and operational cash flows, continued to invest in a number of customer focused and strategic initiatives to support future growth.

We are convinced that international expansion is a huge growth opportunity for ASOS. To this end we will be appointing Jon Kamaluddin, currently Finance Director, to the role of International Director. Jon will continue in his existing role until a suitable replacement is found. We also intend to strengthen our Board with the appointment of two additional Non Executive Directors in due course.

CURRENT TRADING AND OUTLOOK

So far ASOS is proving resilient to the slowdown in consumer spending and sales for the seven weeks to 16 November 2008 are 104% ahead year on year. Nevertheless, as stated at the time of the AGM, we face tougher second half comparables and need to trade through the all important Christmas period. The Board is pleased with the progress that ASOS has made to date with the Company continuing to trade in line with the Board's expectations. We view the coming months with cautious optimism.

Further guidance will be provided at the time of the Christmas trading statement.

FINANCIAL REVIEW

£'000	H1 08/09	H1 07/08	Increase
Revenues	65,706	31,806	107%
Gross profit	30,233	14,370	110%
Gross margin	46.0%	45.2%	
Operating profit	3,836	2,273	69%
Profit before tax	4,052	2,418	68%
EPS — fully diluted (pence)	3.7p	2.2p	68%

REVENUES

Total revenues were up by 107%, analysed as follows:

£'000	H1 08/09	H1 07/08	Increase
Retail sales	58,932	27,965	111%
Delivery receipts	6,271	3,292	90%
Third party revenues	503	549	(8%)
Group revenues	65,706	31,806	107%

OPERATING PROFIT

Operating profit increased 69% to £3.8m, driven by strong sales growth and a gross margin increase of 80 basis points to 46%. This was partly offset by a 118% rise in operating costs to £26.4m, reflecting the first half bias of investment this financial year.

CASH FLOW AND BALANCE SHEET

The Group continues to be cash generative and all investment is funded from cash flow. During the first half, capital expenditure amounted to £3.7m. The cash balance on 30 September 2008 amounted to £8.9m and the Group had no debt. For the year ending 31 March 2009 capital expenditure is likely to total around £8.6m.

Surplus funds are invested in short-term deposits at a major high-street bank with the objective of maximising fixed interest returns whilst providing the flexibility to fund ongoing operations. It is not the Group's policy to engage in speculative activity or to use complex financial instruments.

Chief Executive's Statement

BUSINESS REVIEW

ASOS continues to focus on improving the three key areas of Choice, Presentation and Service whilst at the same time ensuring that growth is well managed.

PRODUCT CHOICE

Product choice is at the core of the ASOS proposition. At the end of October 2008 19,400 different product lines were available on the site, up fourfold from 5,700 in October 2007.

There was a significant increase in the number of brands available on the site, with the number more than doubling to around 700 by the end of October 2008. New brands to ASOS over the last six months include Karen Millen, Warehouse, Whistles and Kookai. The overall mix of own label to branded product sales during the first half 2008/09 was 52% to 48%.

ASOSRed, ASOS's discount designer brand store, was launched on 5 September 2008. Early signs have been very encouraging and sales and margin have been ahead of plan.

We now introduce approximately 1,150 new product lines onto the website each week.

In the coming six months we will:

- continue to broaden the number of product lines offered;
- bring further brands onto the site;
- launch ASOSKids; and
- launch a premium designer brands shop in shop.

PRODUCT PRESENTATION

The ASOS website was redesigned in September 2008 and we have plans for another redesign during the second half of the financial year.

The award winning ASOS magazine now has the third highest circulation of any monthly fashion magazine in the UK, after Glamour and Cosmopolitan. In the first half of the year we launched the first ASOS men's magazine. We also underpinned our fashion credentials through extensive product placement in key consumer publications.

CUSTOMER SERVICE

In the six months to 30 September 2008, we shipped 1.7 million orders, an 82% increase on the same period last year.

In August, the standard delivery promise was decreased from within 3–4 days to within 2–3 days. A Saturday delivery option was added to the Next Day service as well as the possibility to order over the weekend for a Monday delivery.

Excellent customer care is integral to our strategy and to this end the customer care centre is now manned 24 hours a day, seven days a week.



Nick Robertson Chief Executive

17 November 2008

Unaudited Consolidated (Condensed) Income Statement

For the six months ended 30 September 2008

	6 months to 30 September 2008 £'000	6 months to 30 September 2007 £'000	Audited 12 months to 31 March 2008 £'000
Revenue	65,706	31,806	81,044
Cost of sales	(35,473)	(17,436)	(43,760)
Gross profit	30,233	14,370	37,284
Administration expenses	(26,397)	(12,097)	(30,322)
Operating profit	3,836	2,273	6,962
Finance income	216	145	349
Profit before tax	4,052	2,418	7,311
Taxation	(1,150)	(745)	(2,258)
Profit for the period	2,902	1,673	5,053
Earnings per share			
Basic	4.0p	2.3p	6.9p
Fully diluted	3.7p	2.2p	6.6p

Unaudited Consolidated Statement of Changes in Equity

For the six months ended 30 September 2008



	Share capital £'000	Share premium £'000	Retained earnings £'000	Treasury shares £'000	Total £'000
Balance as at 1 April 2008	2,564	3,356	10,967	(943)	15,944
Shares allotted in the year	17	180	—	—	197
Purchase of shares by EBT	—	—	—	(1,477)	(1,477)
Share options charge	—	—	149	—	149
Profit for the period	—	—	2,902	—	2,902
Balance as at 30 September 2008	2,581	3,536	14,018	(2,420)	17,715

Unaudited Consolidated (Condensed) Balance Sheet

As at 30 September 2008

	30 September 2008 £'000	30 September 2007 £'000	Audited 31 March 2008 £'000
Non-current assets			
Goodwill	1,060	1,060	1,060
Property, plant and equipment	8,398	2,974	5,590
Deferred tax asset	2,550	560	2,876
	12,008	4,594	9,526
Current assets			
Inventories	22,126	8,231	11,694
Trade and other receivables	5,395	2,791	4,778
Cash and cash equivalents	8,852	5,857	10,369
	36,373	16,879	26,841
Current liabilities			
Trade and other payables	(29,192)	(11,082)	(18,648)
Current tax liabilities	(838)	(752)	(1,095)
	(30,030)	(11,834)	(19,743)
Net current assets	6,343	5,045	7,098
Provisions for other liabilities and charges	(636)	—	(680)
Net assets	17,715	9,639	15,944
Equity			
Called up share capital	2,581	2,548	2,564
Share premium	3,536	3,185	3,356
Treasury shares	(2,420)	(943)	(943)
Retained earnings	14,018	4,849	10,967
Total equity	17,715	9,639	15,944

Unaudited Consolidated (Condensed) Cash Flow Statement

For the six months ended 30 September 2008



	6 months to 30 September 2008 £'000	6 months to 30 September 2007 £'000	Audited 12 months to 31 March 2008 £'000
Cash generated from operations	4,324	2,344	11,651
Taxation paid	(1,081)	—	(1,811)
Net cash inflow from returns on investment and servicing of finance	216	145	349
Net cash outflow from investing activities	(3,696)	(1,301)	(4,740)
Net cash outflow from financing activities	(1,280)	(647)	(459)
Net decrease in cash from discontinued operations	—	(63)	—
Net (decrease)/increase in cash and cash equivalents	(1,517)	478	4,990

Notes to the Financial Statements

- 1) The interim accounts for the six months ended 30 September 2008 are unaudited and do not constitute statutory accounts in accordance with section 240 of the Companies Act 1985. The financial information for the six months ended 30 September 2007 has been extracted from the IFRS compliant financial statements for the twelve months ended 31 March 2008. The auditors gave an unqualified report on these results. A copy of those financial statements has been filed with the registrar of companies.

2) SEGMENTAL ANALYSIS

	6 months to 30 September 2008 £'000	6 months to 30 September 2007 £'000	12 months to 31 March 2008 £'000
Revenue			
Geographical analysis of revenue by origin			
UK	54,356	28,585	73,044
North America	859	288	659
Rest of the world	10,491	2,933	7,341
	65,706	31,806	81,044

Revenue consists primarily of internet and advertising sales as well as postage and packaging receipts. Revenue is recorded net of returns, relevant vouchers and value added tax when the significant risks and rewards of ownership have been transferred to the buyer.

3) EARNINGS PER SHARE

The calculation of earnings per share is based on the following:

	6 months to 30 September 2008 £'000	6 months to 30 September 2007 £'000	12 months to 31 March 2008 £'000
Profit attributable to shareholders	2,902	1,673	5,053
Weighted average number of shares			
For basic earnings per share	73,434,444	72,801,013	72,865,070
For diluted earnings per share	78,639,912	76,213,048	77,140,316

- 4) The interim report will be posted to all shareholders of the Company and copies will be available upon application to ASOS PLC, Greater London House, Hampstead Road, London, NW1 7FB.

Company Information

DIRECTORS:

Lord W Alli (Chairman)
N Robertson
J Kamaluddin
R Bready
P Williams

SECRETARY:

J Kamaluddin

REGISTERED OFFICE:

Greater London House
Hampstead Road
London NW1 7FB

Registered in England No. 04006623

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
10 Bricket Road
St Albans
Herts AL1 3JX

LAWYERS:

Lawrence Graham LLP
4 More London Riverside
London SE1 2AU

FINANCIAL ADVISOR, NOMINATED ADVISOR AND JOINT BROKER:

JPMorgan Cazenove Limited
20 Moorgate
London EC2R 6DA

JOINT BROKER:

Singer Capital Markets Limited
1 Hanover Street
London W1S 1AX

FINANCIAL PR:

Cubitt Consulting Limited
30 Coleman Street
London EC2R 5AL

REGISTRARS:

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0LA



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